

A regular meeting of the **Michigan Public School Employees Retirement System Board** was held at the General Office Building, 7150 Harris Drive, Conference Room A, Dimondale, Michigan, on Thursday, October 20, 2011. The following members, staff, and observers participated:

Members Present: Ivy Bailey, Active Classroom Teacher Member  
 Jonathan Fielbrandt, Active Classroom Teacher Member  
 Steven Jagusch, General Public Member, Investment Experience  
 Scott Koenigsknecht, Active Superintendent Member  
 Edwin Martinson, Reporting Unit Board of Control Member  
 John Olekszyk, Retiree Member  
 Diana Osborn, Non-Certified Support Member  
 Timothy Raymer, Finance/Operations Member, Non-superintendent  
 Michael Ringuette, General Public Member, Actuarial Experience  
 Charles Thomas, Retired Finance/Operations Member and as a representative of the largest retiree organization

Staff Present: Phil Stoddard, Executive Secretary  
 Chanda Donnan, Recording Secretary

Others Present: Mark Guestella, Les Nixon, Joe Curtin, Chuck Abshagen, Bob Wiles, and Iris and Robert Arthur of the Michigan Association of Retired School Personnel; Earl Hagstrom, Judy Foster, Richard Harkins, and Dan Rudd of MEA-Retired; Richard Schaper of Western Michigan University; Branko Bojicic, Patricia Soyemi, and Regina Jamerson of Blue Cross Blue Shield of Michigan; Carol Nolan of EyeMed; Tony Robinson of Delta Dental; Janet Truant and Dr. Ed Keating of Catalyst Rx; Richard Williams and Krista Davis of Williams & Co.; Ben Louagie, John Mallows, and Virginia Gibson of Gabriel, Roeder, Smith and Co.; Paula Brawdy, Andrea Robinson, and MaryAnn Knowles of Priority; Ellen Hoekstra of CSR; Bob Lusk of Lusk & Alberston; Charlotte Sherman, member; Patrick Fitzgerald and Brian LaVictoire of the Office of Attorney General; and Laurie Hill and Steve Crippen of the Office of Retirement Services.

## Call to Order

Chair Diana Osborn called the meeting to order at 10:33 a.m.

### **Excusing of Absent Members**

Ivy Bailey moved, John Olekszyk supported, to excuse the absences of Lenore Croudy and Michael Flanagan. The motion carried unanimously.

### **Approval of Agenda**

John Olekszyk moved, Edwin Martinson supported, to approve the agenda as presented. The motion carried unanimously.

### **Approval of Minutes**

John Olekszyk moved, Ivy Bailey supported, to approve the minutes of the July 28, 2011, meeting as presented. The motion carried unanimously.

### **Administrative Hearings**

#### Proposal for Decision – Docket 2011-12408 PSRS

The Board considered the case materials. John Olekszyk moved, Edwin Martinson supported, that the Board adopt as its own the recommendations of the Presiding Officer in the May 18, 2011 Proposal for Decision, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's request for non-duty disability retirement benefits under Section 86 of the Public School Employees' Retirement Act. The motion carried unanimously.

#### Proposal for Decision – Docket 2011-12386 PSRS

The Board considered the case materials. Michael Ringuette moved, John Olekszyk supported, that the Board adopt as its own the recommendations of the Presiding Officer in the April 28, 2011 Proposal for Decision, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's request for non-duty disability retirement benefits under Section 86 of the Public School Employees' Retirement Act. The motion carried unanimously.

#### Proposal for Decision – Docket 2011-15120 PSRS

The Board considered the case materials. Edwin Martinson moved, Michael Ringuette supported, that the Board adopt as its own the recommendations of the Presiding Officer in the July 25, 2011 Proposal for Decision, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's application for non-

duty disability retirement benefits under Section 86 of the Public School Employees' Retirement Act. The motion carried unanimously.

## **Unfinished Business**

### Supplemental Proposal for Decision – Docket 2009-17679 PSRS

The Board considered the case materials. Michael Ringuette moved, John Olekszyk supported, that the Board adopt as its own the recommendations of Presiding Officer Dennis W. Mack in the November 16, 2010, Supplemental Proposal for Decision, including the proposed Findings of Fact and Conclusions of law except for the changes requested by the Respondent, and find that Petitioner's equated full-time compensation for the 2002-2003 school year was \$92,000, pursuant to section 79 of the Public School Employees' Retirement Act, MCL 38.1379, thereby finding that Petitioner has purchased a total of 3.1712 years of additional service credit. Because Petitioner is not the prevailing party, he is not entitled to attorney fees under sections 122(5) and 123(1) of the Administrative Procedures Act, MCL 24.322(5) and 24.323(1). Motion failed.

Jonathon Fielbrandt moved, John Olekszyk supported, that the Board adopt as its own the recommendations of the Presiding Officer Dennis W. Mack in the November 16, 2010, Supplemental Proposal for Decision including the proposed Findings of Fact and Conclusions of Law except for the changes requested by Respondent and finds Petitioner's equated full-time compensation for the 2002-2003 school year was \$92,000, pursuant to section 79 of the Public School Employees' Retirement Act, MCL 38.1379; and further moves to allow Petitioner to submit the difference between his recalculated actuarial cost for five years of service credit and \$45,207.84, the amount he originally paid for an additional five years of service credit. Because Petitioner is not the prevailing party, he is not entitled to attorney fees under sections 122(5) and 123(1) of the Administrative Procedures Act, MCL 24.322(5) and 24.323(1). Petitioner has six months from the date of this meeting to complete that purchase. The motion carried unanimously.

## **New Business**

### Requests for a Declaratory Ruling

Michael Ringuette moved, John Olekszyk supported, that the Board meet in closed session under section 8(h) of the Open Meetings Act and section 13(1)(g) of the Freedom of Information Act, which exempts from public disclosure information or records subject to the attorney-client privilege to consult with the Board's attorney about his memoranda of legal advice regarding the request for a

declaratory ruling that appears on the agenda. A roll call vote was taken and the motion carried unanimously. A brief recess was taken to allow the public to exit the room.

The Board entered Closed Session at 11:03 a.m.

The Board returned from Closed Session at 11:54 a.m.

Baracy. Edwin Martinson moved, Ivy Bailey supported, that the Board issue a ruling regarding Petitioner Baracy by adopting as its own the draft ruling prepared by counsel and declare that the items of remuneration at issue, namely FICA payments, service credit payments, and remuneration in excess of the NSI percentage tables, as determined by MPSERS, are not reportable as compensation within the meaning of section 3a of the Public School Employees Retirement Act, MCL 38.1303a. The motion carried unanimously.

Sherman. Edwin Martinson moved, Michael Ringuette supported, that the Board issue a ruling regarding Petitioner Sherman by adopting as its own the draft ruling prepared by counsel and declare that the items of remuneration at issue, namely FICA payments, service credit payments, and remuneration in excess of the NSI percentage tables, as determined by MPSERS, are not reportable as compensation within the meaning of section 3a of the Public School Employees Retirement Act, MCL 38.1303a. The motion carried unanimously.

Johnson. Edwin Martinson moved, Michael Ringuette supported, that the Board issue a declaratory ruling regarding Petitioner Johnson by adopting as its own the draft ruling prepared by counsel, and declare that the items of remuneration at issue, namely pay increases in excess of the NSI percentage tables, as determined by MPSERS, are not reportable as compensation within the meaning of section 3a of the Public School Employees Retirement Act, MCL 38.1303a. The motion carried with John Olekszyk abstaining.

## Special Reports

John Mallows of Gabriel Roeder Smith & Company presented the Health Care Rating Report for 2012 to Board members and answered questions.

Ed Keating, R.Ph. of Catalyst Rx presented the Managed Prescription Drug Program Report to Board members and answered questions.

## **Standing Reports**

### **Legislative Committee Report**

John Olekszyk talked about the proposed legislation regarding a defined contribution plan for newly hired public school employees.

### **Health Insurance Committee Report**

Mike Ringuette reported that the Health Insurance Committee met before the Board meeting and gave a brief update on the implementation of the 2012 Health Initiatives.

### **Executive Secretary Comments**

Phil Stoddard reminded that members will soon have two cards for coverage, one medical card and one pharmacy card.

Thank you to Catlyst for its report, we continue to benefit from drugs that have gone off patent and look for ways to meet future needs. And thank you to GRS, we are pleased with the flat rates and the hard work that the Board does.

Laurie Hill talked about PROactive week, which coincides with National Save for Retirement week, and the activities planned to educate members on saving for retirement and the tools we have to help them. All members can obtain their account information on miAccount and see statements current to the last pay period.

Phil passed along a thank you to the Attorneys General for their assistance in helping prepare the Board with the declaratory ruling request.

### **Board Comments**

John Olekszyk had a question regarding the Prescription Drug Program presentation.

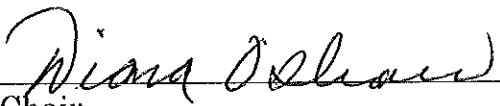
### **Public Comment**

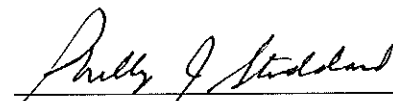
Comments were received from Earl Hagstrom.

## Adjournment

Scott Koenigsknecht moved, Edwin Martinson supported, to adjourn the meeting. The motion carried unanimously. Meeting adjourned at 12:42 p.m.

## OFFICIAL MINUTES

  
Chair

  
Executive Secretary